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1993

**THE REGIONAL MUNICIPALITY
OF HAMILTON-WENTWORTH
ONTARIO, CANADA**



1993 ANNUAL FINANCIAL REPORT

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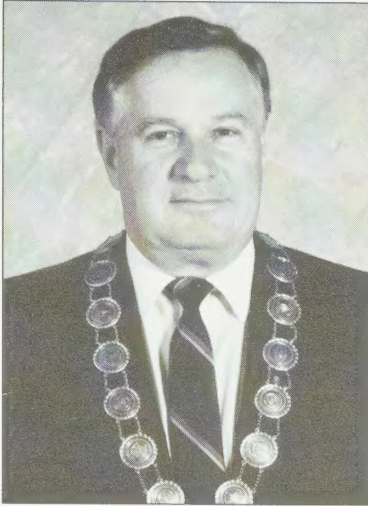
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The corporate logo of The Regional Municipality of Hamilton-Wentworth was designed to give form to the multi-faceted urban and rural elements of the Region. The resulting design is made up of a rural foreground against an urban backdrop. The foreground represents a ploughed field and a body of water, while in the backdrop, the skyline buildings are arranged to form the letters "HW".



CHAIRMAN'S MESSAGE



R.J. (Reg) Whynott
Regional Chairman

1993 was another difficult year for the citizens of The Regional Municipality of Hamilton-Wentworth. The lingering recession and the structural change taking place in the Canadian economy resulted in continued high levels of unemployment and welfare assistance cases in the Region.

The Social Contract Act as legislated by the Province of Ontario required the Region to reduce its expenditures by over \$4 million in 1993, due to a corresponding reduction in unconditional grants from the Province. An additional \$1.3 million in reduced grants have been deferred to 1996, as the result of a sectoral agreement being reached between the Province and the municipal sector. The unconditional grants will be reduced by over \$5.3 million in each of 1994 and 1995, therefore requiring continued close attention to expenditure levels.

The magnitude of these challenges requires, on an ongoing basis, a serious rethinking of the services provided by the Region and the means of delivery. Towards this end, cost savings were achieved in 1993 through reduced permanent staff complements, job sharing, a hiring freeze on all but essential full-time positions, an early retirement incentive package, and, the introduction of an Expenditure Control Plan. Another area under serious consideration is further integration of staff functions at the City of Hamilton and Regional Levels. In addition to these restraint measures, the Region sold its investment in its intercity bus service, The Canada Coach Lines, Limited. It was felt by Regional Council that this service could no longer be supported, given the current strain on financial resources.

Where possible the Region has been directing expenditures to those areas that are absolutely necessary, or which stimulate economic activity through job creation. The Region is currently exploring the possible privatization of the operation of its sewage treatment plants, with the objective being to provide environmental benefits, financial savings for the Region, and the creation of new jobs in the community.

On the revenue generation side, the Region has entered into an agreement to supply water to a neighbouring

municipality, and is on another neighbouring municipality's "short-list" as a possible supplier of water. The Region has also responded to industry by extending the timeframe for reduced development and tipping fees.

Despite the continued slow-down in the economy, some positive business developments did take place in 1993. The Region was selected Canada's model community by the International Council for Local Environmental Initiatives. The recently opened Greater Hamilton Technology Enterprise Centre (GHTEC) will assist in the development of the Region's environmental technology export sector. Construction on the East-West portion of the Red Hill Creek Expressway is progressing rapidly, while talks are ongoing with the Province with respect to alternate routes for the North-South portion of the Expressway. Other transportation projects currently in progress include expansion of G.O. train service to Hamilton's downtown train station and widening of major highways within Regional boundaries.

1994 promises to test our strength and creativity in keeping costs down, while maintaining the high quality of services our residents expect. Regional Council and staff are committed to delivering these services in the most efficient and cost effective way possible.

REGION PROFILE

The Regional Municipality of Hamilton-Wentworth came into effect on January 1, 1974, established through an Act passed by the Ontario Legislature. The Region represents the upper tier of a two tier system of government. The lower tier is comprised of six area municipalities, the Cities of Hamilton and Stoney Creek, the Towns of Ancaster, Dundas and Flamborough, and the Township of Glanbrook.

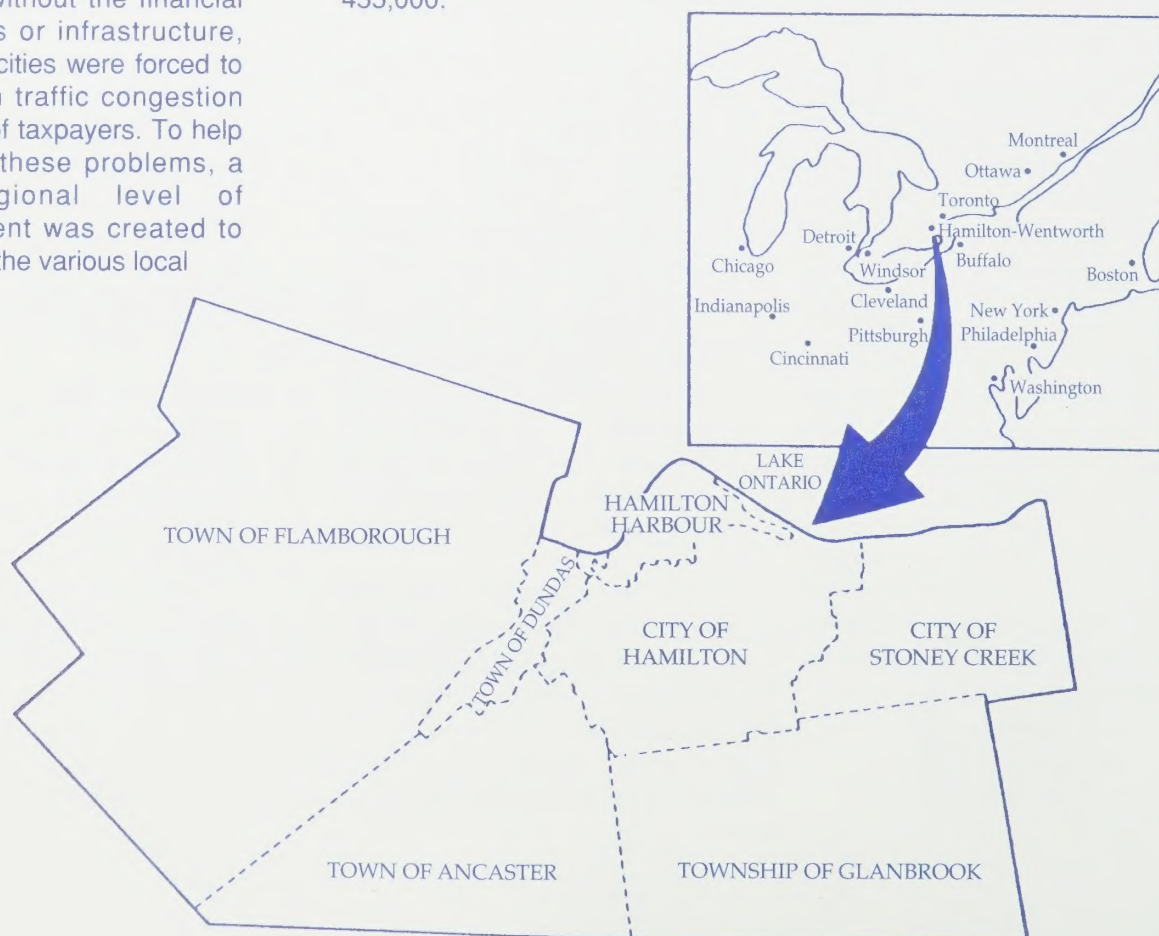
The two tier system of local government originated as a direct result of suburban sprawl, where smaller rural communities were urbanized, putting a strain on services, transportation and local government cooperation. Small towns and villages were forced to supply full urban services to vast tracts of housing without the financial resources or infrastructure, while the cities were forced to cope with traffic congestion and loss of taxpayers. To help alleviate these problems, a new regional level of government was created to take over the various local

municipal responsibilities considered a general concern to all inhabitants.

Located in the southern part of the Province of Ontario, Hamilton-Wentworth is 68 kilometres west of Metropolitan Toronto, and, within an 800 kilometre radius of large American consumer markets such as Boston, Chicago and New York. A market of 100 million people is within a day's drive and can be accessed by a transborder interconnecting highway system. The availability of a deep water port, and cargo facilities at Hamilton Airport makes the area an attractive distribution centre.

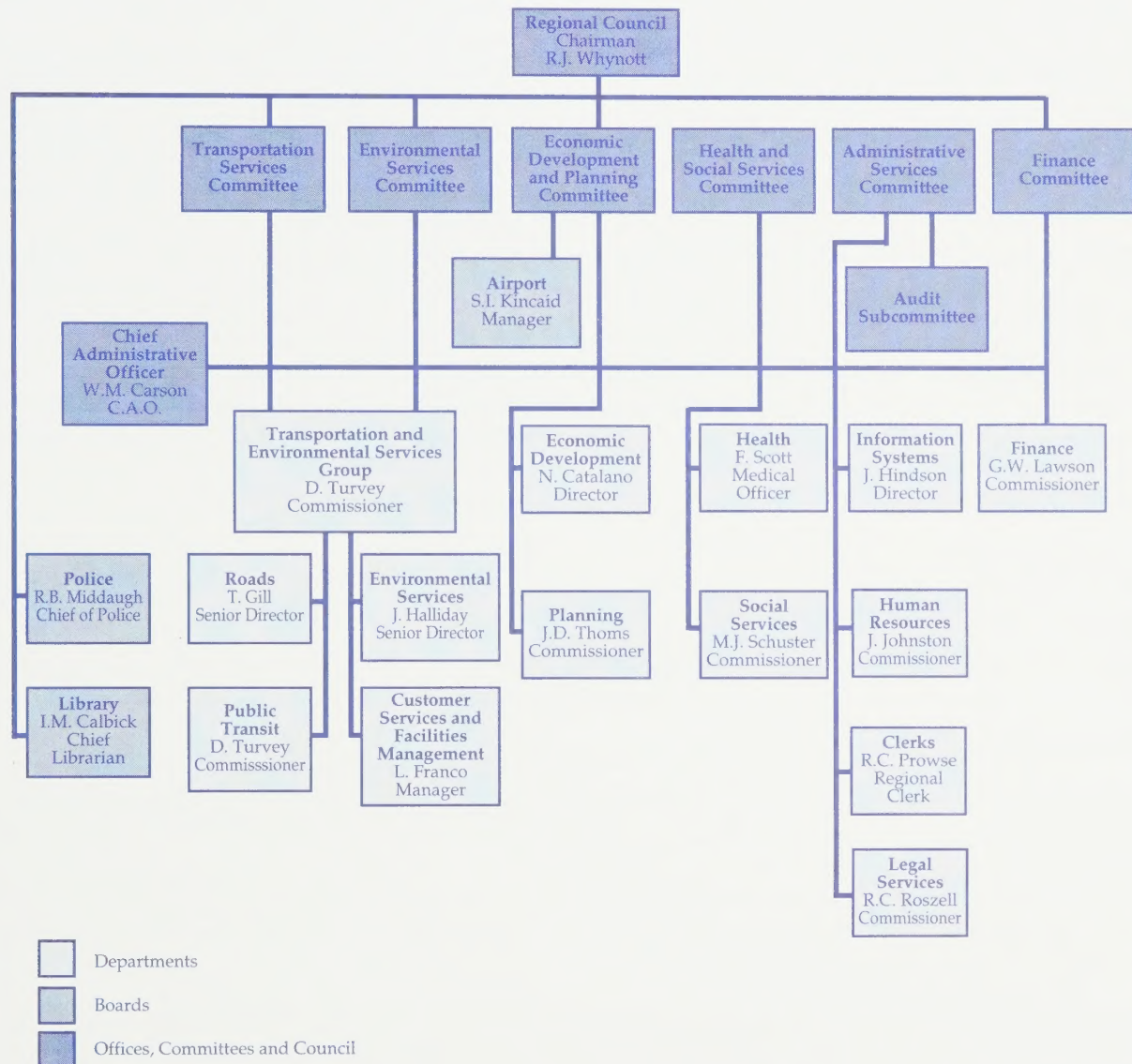
The Region's two cities, three towns and one township cover a land area in excess of 280,000 acres, with a population in excess of 455,000.

Local business activity consists mainly of industrial and manufacturing enterprises, with the steel firms Stelco and Dofasco being the two largest industrial employers. Other goods and services produced in the Region include textiles, electrical products, detergents, footwear, communication systems, food processing, rail cars, and metal fabrication. In addition to industrial enterprises, the health care, education, and financial and communications services sectors have grown rapidly in the last decade, and now are an important component in the Region's workforce profile.



REGION STRUCTURE

The Regional Municipality of Hamilton-Wentworth was incorporated in 1973 by the Province of Ontario, and, operates under a Council-Committee-Chief Administrative Officer form of government, as shown below. The composition, powers and responsibilities of each are laid down by the Hamilton-Wentworth Act.



COUNCIL

The Region is governed by a Council of twenty-eight members consisting of a Chairman and twenty-seven councillors from the Area Municipalities. The Chairman is the only member of Council that is elected at large. All other Regional Councillors hold office by virtue of their election to municipal councils.

All members of Council, including the Chairman, are elected to a three year term. The mayors of the six Area Municipalities and all sixteen aldermen from the City of Hamilton are automatically selected to serve on Regional Council. One additional representative from the City of Stoney Creek, Towns of Ancaster, Dundas and Flamborough, and the Township of Glanbrook fill the five remaining seats. All powers of Council are exercised through the passage of by-laws or resolutions.

REGION STRUCTURE

MEMBERS OF COUNCIL, 1991 - 1994

Chairman

R.J. Whynott

Town of Ancaster

Mayor, R. Wade

Councillor, A. Sloat

Town of Dundas

Mayor, J. Addison

Councillor, J. Prentice

Town of Flamborough

Mayor, D. Granger

Councillor, J. Southall

Township of Glanbrook

Mayor, G. Etherington

Councillor, F. MacIntyre

City of Stoney Creek

Mayor, R. Hodgson

Councillor, G. Shaw

City of Hamilton

Mayor, R. Morrow

Councillor, D. Agostino

Councillor, V. Agro

Councillor, T. Anderson

Councillor, B. Charters

Councillor, T. Cooke

Councillor, G. Copps

Councillor, F. D'Amico

Councillor, D. Drury

Councillor, F. Eisenberger

Councillor, T. Jackson

Councillor, M. Kiss

Councillor, W. McCulloch

Councillor, H. Merling

Councillor, B. Morelli

Councillor, D. Ross

Councillor, D. Wilson

COMMITTEES

Six standing committees have been created to deal with issues related to Transportation Services, Environmental Services, Economic Development and Planning, Health and Social Services, Administration and Finance. These committees, comprised of Regional Councillors only, are designed to scrutinize and debate staff reports, listen to presentations from public delegations, and, make recommendations to Council. Council may consider any matter without referring it to a committee, or, may withdraw any matter from a committee.

Members of Council may also be appointed to one of five special purpose committees, which consider local improvement assessment appeals, land severance applications, trade licenses, airport management issues and police services issues. A number of other subcommittees and task forces consisting of both Councillors and private citizens are created to deal with areas of special interest or concern. Subcommittees make recommendations to the standing committees, while task forces are special committees that report to Council or to a committee according to a set timetable or deadline.

CHIEF ADMINISTRATIVE OFFICER

The Chief Administrative Officer supports Regional Council by directing the daily operations of the Region through appointed department heads and administration of Regional policies. The C.A.O. is an advisor to the Chairman and Council on all matters of government administration.

REPORTING ENTITY

All funds and entities under the control of the Region's elected Council as defined by the Hamilton-Wentworth Act are included in the Consolidated Financial Statements found in this annual report. The Wentworth Library Board, Hamilton-Wentworth Police Services Board and Hamilton Region Airport Management Board are consolidated since their activities are dependent on funding, accounting, treasury and legal services from the Region.

The Region has oversight responsibility for several enterprises that are partially financed and operated in a manner similar to a private business. The operation of The Hamilton Street Railway Company, The Canada Coach Lines, Limited, Safety Services and Adjusters Limited, Macassa Lodge and Wentworth Lodge Homes for the Aged provide services that are recovered in part through user charges. The financial results of these enterprises are incorporated into this annual report.

Sinking Funds and Trust Funds are established to account for assets held by the Region in a trustee capacity or as an agent for individuals, school boards or other governmental units. The Region has a legislated responsibility to administer these funds and to produce audited financial statements. The Sinking Funds are a self-balancing set of books designed to keep track of the actuarial requirements, contributions and investments connected to the Sinking Fund debenture by-laws issued by the Region. The Trust Funds are comprised of Macassa Lodge and Wentworth Lodge residents' deposits, as well as funds from donations and fund raising activities to be used for the benefit of lodge residents.

REGION SERVICES

The responsibility for providing services is divided between the Region and the Area Municipalities depending on whether the function is area wide or local in scope.

The operations of the Region are organized into 16 departments and one group. The cost of providing administrative, advisory and support services are reported under the General Government function, while expenditures for front line services are reported as below:

General Government

Accounting and Treasury Services
Legal Services
Council Secretariat/Records Management
Computer Services/Systems Development
Personnel Services

Health Services

Health Inspection
Nursing Services
Nutrition Programs
Dental Treatment
Child and Adolescent Services
Drug and Alcohol Assessment

Social and Family Services

General Welfare Assistance
Services for the Elderly
Home Day Care Services
Employment Programs
Hostels and Lodging Homes
Counselling Services
Licensed Nurseries

Protection to Persons and Property

Police Patrol
Criminal Investigation
Crime Prevention
Traffic Control
Emergency Planning

Recreation and Cultural Services

Library Facilities
Museums
Recreational Parks
Cultural Grants

Environmental Services

Sewage Treatment/Collection
Water Treatment/Distribution
Waste Management
Laboratory Services

Transportation Services

Road Planning
Road Repair and Maintenance
Public Transit
Airport Operations

Planning and Development

Planning Services
Industrial Park Management
Tourism and Convention Promotion
Business Development

TREASURER'S REPORT



G.W. Lawson, CPFA, CGA
Treasurer and Commissioner
of Finance

It is my pleasure to present the 1993 Annual Financial Report of The Regional Municipality of Hamilton-Wentworth, and to comment on some of the financial results of the past year.

The financial statements contained in this report have been prepared in accordance with the accounting principles and disclosure requirements of the Municipal Financial Reporting Handbook. The Handbook is a set of reporting guidelines issued by the Ontario Ministry of Municipal Affairs for application by municipalities and their local boards. The presentation adopted for these financial statements is consistent with the guidelines contained in the Public Sector Accounting Statement on General Standards of Financial Statement Presentation for Local Governments, as issued by the Public Sector Accounting and Auditing Board of the Canadian

Institute of Chartered Accountants. The standards issued by the Canadian Institute of Chartered Accountants (CICA) are the authoritative source of guidance on any matter on which the Municipal Financial Reporting Handbook is silent.

CANADIAN FINANCIAL REPORTING AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to The Regional Municipality of Hamilton-Wentworth for its annual financial report for the fiscal year ended December 31, 1992. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to achieve a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal

governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA.

Canadian Award for Financial Reporting

Presented to

**Hamilton - Wentworth,
Ontario**

For its Annual
Financial Report
for the Year Ended
December 31, 1992

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to municipalities whose annual financial reports achieve the high program standards for Canadian Government accounting and financial reporting.



Arnold J. Labov
President

Jeffrey L. Esser
Executive Director

TREASURER'S REPORT

BUDGETING PROCESS

To ensure the most efficient use of the Region's financial resources, the budgeting process involves the participation of elected officials, department heads, staff and the public.

Departments are required to set performance measurements for all programs and activities for which they are responsible. Each department must clearly justify selected means of performance measurement, as well as explain how program performance targets and goals are decided upon. The frequency of evaluation must also be specified to ensure proper monitoring of programs during the year.

The budgetary review of existing programs involves comprehensive analysis of results in the context of the stated program goals and objectives. Programs are evaluated in terms of effectiveness in meeting program goals, the efficiency with which resources were used to achieve results, and, where appropriate, whether the desired long term impact of the program was achieved. This enables management to determine whether existing programs warrant continued funding or where resources are best allocated to new initiatives, or further program enhancements.

Where the selected performance criteria do not adequately reflect a particular program, recommendations

are made to revise the measurement standard to enhance program evaluation in the coming year.

Once the budget is approved by Regional Council, automated funds checking is performed through an online realtime accounting system. Funds checking occurs at the purchase requisition, purchase order and invoice stages, ultimately preventing payments from being issued against accounts with insufficient budgeted funds.

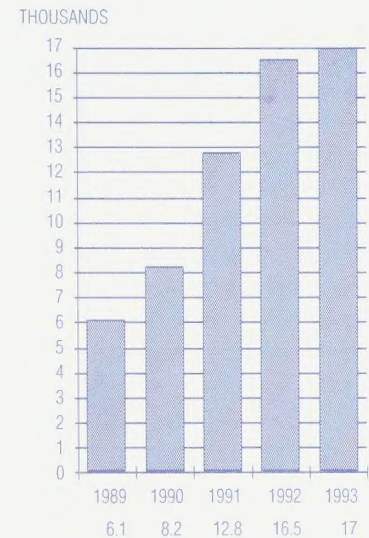
The Region issues an annual budget document outlining, by function, the Current Operating Budget and Five Year Capital Forecast. For the 9th consecutive year, the Region won the distinguished budget presentation award from The Government Finance Officers Association of the United States and Canada, for its 1993 annual budget. This award demonstrates the effectiveness of the Region's budget process and published budget document, as an operations guide, financial plan, policy statement and as a communications medium.

ECONOMIC OVERVIEW

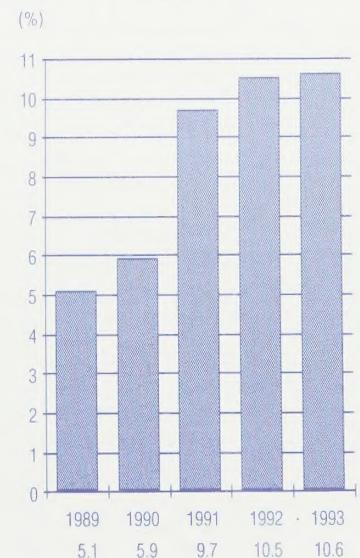
The lingering recession continued to negatively impact the Region in 1993, as exhibited by the extremely high levels of general welfare assistance cases, and the local unemployment rate. The average monthly general welfare assistance caseload increased by 3% in 1993 to 16,990 cases, while the local

unemployment rate rose marginally from 10.5% in 1992 to 10.6% in 1993.

**AVERAGE MONTHLY
GENERAL WELFARE
ASSISTANCE CASELOAD
(NUMBER OF CASES)**



**LOCAL UNEMPLOYMENT
RATE**



TREASURER'S REPORT

Despite the recession, local building activity showed considerable improvement in 1993, stimulated in part by falling mortgage rates. Compared to 1992, the value of Building Permits increased by over \$75 million, while the number of housing starts rose by over 200.

In addition, the hospitality industry continued to perform well in 1993. Final convention and event statistics show an estimated \$230 million were spent in the Region. 211 conventions and events were held in the Region, attracting 73,000 delegates and over 414,000 spectators.

The economic outlook for 1994 is somewhat mixed from a local and national perspective. Inflation is almost non-existent, however, interest rates may rise significantly in 1994 depending on the outcome of certain political events on a nation-wide basis. Growing government deficits and increased borrowing difficulties for the provinces and the federal government, may also contribute to interest rate increases in 1994. The Regional economy should stabilize, due to a predicted modest 1994 recovery and the massive restructuring initiatives nearing completion at most major employers in the Region. The structural changes that have occurred may mean however that many laid off workers will not be rehired, thus restricting the job prospects for individuals on unemployment or welfare.

FINANCIAL POSITION

In spite of the poor economic climate, the Region's Year End financial position remains solid. The Region's credit rating from the Canadian Bond Rating Service is AA+, with a stable outlook, while Moody's Investors Service has maintained the Region at a Aa2 rating. The broad economic base found in the Region, our conservative fiscal practices, significant accumulation of reserves, low debt levels and annual operating surpluses were some of the factors mentioned by the Rating Agencies.

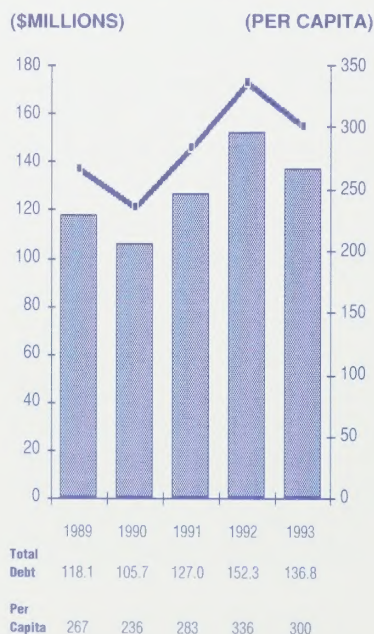
The Region's debt load decreased by over \$15 million in 1993, and, the ratio of fund equity to debt is still a healthy 1.26. Debt per capita decreased from \$336 in 1992 to \$300 in 1993. Debt Charges as a percentage of the Annual Repayment Limit declined for the fourth straight year.

The Region's investment program played an instrumental role in financing a number of budgeted service commitments in 1993, with realized returns of \$18.4 million for the year. Active management of the Region's bond portfolio produced an above average, stable, double digit multi-year income stream.

The \$1.8 million operating surplus was attributable to increased assessment growth in 1993, and will be applied against the succeeding year's tax levy. Due to the lingering recession, this surplus is the lowest since 1987.

The adverse economic conditions also had an impact on the Region's reserves, which decreased by over \$4 million. The main contributors to this decrease were a \$15.4 million drop in investment income, and an increase of \$2.7 million in transfers to finance capital operations.

OUTSTANDING DEBT



The monies available at year end for capital projects decreased by almost \$31 million from 1992. Capital financing raised during 1993 was down significantly, as no new debt was issued in 1993. Provincial Capital Grants continued to be the main source of revenue, although the grants were reduced by over \$10 million from 1992 levels. Although Regional Council has not abandoned its commitment to a Pay-As-You-Go-Policy of financing capital spending from internal sources, the recent

TREASURER'S REPORT

concentration of the Capital Program on heavily subsidized road and sewer infrastructure has reduced the need for revenue from internal sources.

SUMMARY

Despite the reduced unconditional grants as a result of the Social Contract, the Region has been able to continue to deliver the great majority of its services without affecting quality, while keeping tax increases within reasonable limits.

To ensure our financial condition remains on a solid footing, the Region will continue to implement those quality assurance and improvement processes traditionally used in the private sector. This will ensure that corporate overhead is kept to a minimum and that operational inefficiencies or duplication of services are avoided.

In conclusion, the preparation of this report could not have been accomplished without the professional and dedicated services of the entire staff of the Finance Department and the various department heads and employees who assisted with and contributed to its preparation. Further appreciation is extended to the accounting firm of Ernst & Young, and the Region's Internal Audit staff for their contributions.




Sulphur Springs, Ancaster



King St., Dundas



New East End Police Station, Hamilton

Management Report

The accompanying financial statements and other information contained in this Financial Report are the responsibility of the management of The Regional Municipality of Hamilton-Wentworth.

These financial statements have been prepared by management in accordance with accounting policies prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. To the extent that it is consistent with these prescribed Accounting Policies, the presentation adopted for these financial statements is consistent with the guidelines contained in the Public Sector Accounting Statement on General Standards of Financial Statement Presentation for local Governments, as issued by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this financial report is consistent with that in the financial statements.

The Region maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Region's assets are properly accounted for and adequately safeguarded.

The elected Council of the Regional Municipality of Hamilton-Wentworth is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Regional Council carries out this responsibility principally through its Finance and Audit Committees.

The Audit Committee meets periodically with management, as well as the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also considers, for approval by Council, the engagement or re-appointment of the external auditors. The Finance Committee reviews the financial report and the external auditors' report. Both Committees report their findings to Council for approval.

The financial statements have been audited by Ernst & Young, the external auditors, in accordance with generally accepted auditing standards on behalf of Regional Council, inhabitants and ratepayers of the Region. Ernst & Young has full and free access to the Audit Committee.



G.W. Lawson, CPFA, CGA
Treasurer and Commissioner of Finance
February 25, 1994

Auditors' Report



To the Chairman and Members of Council, Inhabitants
and Ratepayers of **The Corporation of the Regional
Municipality of Hamilton-Wentworth**

We have audited the consolidated balance sheet of **The Corporation of the Regional Municipality of Hamilton-Wentworth** as at December 31, 1993 and the consolidated statement of operations for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of **The Corporation of the Regional Municipality of Hamilton-Wentworth** as at December 31, 1993 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in note 1 to the consolidated financial statements.

Hamilton, Canada
February 25, 1994

A stylized, handwritten-style signature of 'Ernst & Young' in a dark blue or black ink.

CHARTERED ACCOUNTANTS

Consolidated Balance Sheet

AS AT DECEMBER 31 (in thousands of dollars)

	1993 \$	1992 \$
ASSETS		
Unrestricted		
Investments (note 2)	140,031	138,953
User charges receivable	7,934	6,685
Accounts receivable	57,741	62,416
Other assets (note 3)	16,139	17,256
Investment in own debentures (note 2)	25,770	29,768
	247,615	255,078
Restricted		
Investments (note 2)	6,371	17,998
Capital Outlay		
Capital outlay to be recovered in future years	135,625	151,115
Loss on foreign exchange (note 6 (c))	1,161	1,212
	136,786	152,327
TOTAL ASSETS	390,772	425,403
LIABILITIES		
Temporary loans	10,608	5,941
Accounts payable and accrued liabilities	68,650	58,179
Other current liabilities	2,567	1,416
	81,825	65,536
Net long term liabilities (note 6 and 13)	136,786	152,327
FUND BALANCES		
Current fund (note 7 (a))	1,830	1,919
Unexpended capital financing (note 7 (b))	18,460	49,425
Reserves (note 7 (c))	145,500	138,198
Reserve funds (note 7 (d))	6,371	17,998
	172,161	207,540
TOTAL LIABILITIES AND FUND BALANCES	390,772	425,403

The accompanying notes are an integral part of this financial statement.

Consolidated Statement of Operations

YEAR ENDED DECEMBER 31 (in thousands of dollars)

	1993 \$	1992 \$
REVENUE		
Taxation and user charges		
Residential and farm taxation	108,637	104,712
Commercial, industrial and business taxation	60,844	59,491
Water billings	27,624	24,710
Sewer surcharge	27,933	25,070
Transit fares	21,315	21,516
Other user charges	27,208	35,358
Grants		
Province of Ontario (note 8)	236,987	240,686
Government of Canada	1,883	1,366
Other		
Investment income	18,168	32,789
Road billings	7,684	8,141
Development charges and subdivider contributions	6,811	6,360
Gain on sale of The Canada Coach Lines, Limited (note 9)	2,644	—
Miscellaneous income	8,541	6,724
	556,279	566,923
EXPENDITURE		
General government	20,894	23,095
Protection to persons and property	73,004	76,771
Transportation services	147,891	147,994
Environmental services	89,529	97,809
Health services	17,206	16,311
Social and family services	210,501	197,745
Recreation and cultural services	7,799	8,113
Planning and development	11,685	14,149
	578,509	581,987
NET EXPENDITURE	(22,230)	(15,064)
FINANCING		
Proceeds from the issue of long term liabilities	—	39,088
Principal payments on long term liabilities (note 6(e))	(13,149)	(12,701)
CHANGE IN FUND BALANCES	(35,379)	11,323
FUND BALANCES AT THE BEGINNING OF THE YEAR	207,540	196,217
FUND BALANCES AT THE END OF THE YEAR	172,161	207,540

The accompanying notes are an integral part of this financial statement.

Schedule of Combined Fund Operations

YEAR ENDED DECEMBER 31 (in thousands of dollars)

1993

1992

	Current Fund	Capital Fund	Reserves & Reserve Funds	Consolidated Total \$	Consolidated Total \$
REVENUE					
Taxation and user charges					
Residential and farm taxation	108,637	—	—	108,637	104,712
Commercial, industrial and business taxation	60,844	—	—	60,844	59,491
Sewer surcharges	27,933	—	—	27,933	25,070
Water billings	27,624	—	—	27,624	24,710
Transit fees	21,315	—	—	21,315	21,516
Other user charges	27,208	—	—	27,208	35,358
Grants					
Province of Ontario	221,849	15,138	—	236,987	240,686
Government of Canada	1,763	120	—	1,883	1,366
Others					
Investment income	5,583	3,476	9,109	18,168	32,789
Road billings	—	7,684	—	7,684	8,141
Development charges and subdivider contributions	—	—	6,811	6,811	6,360
Gain on sale of					
The Canada Coach Lines, Limited (note 9)	2,644	—	—	2,644	—
Miscellaneous income	1,664	4,622	2,255	8,541	6,724
	507,064	31,040	18,175	556,279	566,923
EXPENDITURE					
General government	19,924	970	—	20,894	23,095
Protection to persons and property	70,888	2,116	—	73,004	76,771
Transportation services	99,378	48,513	—	147,891	147,994
Environmental services	60,215	29,314	—	89,529	97,809
Health services	15,432	1,774	—	17,206	16,311
Social and family services	210,491	10	—	210,501	197,745
Recreation and cultural services	6,127	1,672	—	7,799	8,113
Planning and development	7,693	3,992	—	11,685	14,149
	490,148	88,361	—	578,509	581,987
NET REVENUE (EXPENDITURE)	16,916	(57,321)	18,175	(22,230)	(15,064)
INTERFUND TRANSFERS					
Current fund to capital fund	(10,996)	10,996	—	—	—
Reserves and reserve funds to current fund	7,140	—	(7,140)	—	—
Reserves and reserve funds to capital fund	—	15,360	(15,360)	—	—
	(3,856)	26,356	(22,500)	—	—
FINANCING					
Proceeds from the issue of long term liabilities	—	—	—	—	39,088
Principal payments on long term liabilities	(13,149)	—	—	(13,149)	(12,701)
	(13,149)	—	—	(13,149)	26,387
CHANGE IN FUND BALANCES	(89)	(30,965)	(4,325)	(35,379)	11,323
FUND BALANCES AT THE BEGINNING OF THE YEAR	1,919	49,425	156,196	207,540	196,217
FUND BALANCES AT THE END OF THE YEAR	1,830	18,460	151,871	172,161	207,540

The accompanying notes are an integral part of this financial schedule.

Schedule of Current Fund Operations

YEAR ENDED DECEMBER 31 (in thousands of dollars)

	1993 Budget (unaudited) \$	1993 Actual \$	1992 Actual \$
REVENUE			
Taxation and user charges			
Residential and farm taxation	107,491	108,637	104,712
Commercial, industrial and business taxation	60,202	60,844	59,491
Sewer surcharges	26,845	27,933	25,070
Water billings	27,352	27,624	24,710
Transit fees	21,497	21,315	21,516
Other user charges	27,499	27,208	34,165
Grants			
Province of Ontario	213,168	221,849	215,540
Government of Canada	2,116	1,763	1,120
Others			
Investment income	2,885	5,583	2,997
Gain on sale of The Canada Coach Lines, Limited (note 9)	—	2,644	—
Miscellaneous income	910	1,664	655
	489,965	507,064	489,976
EXPENDITURE			
General government	25,953	19,924	20,800
Protection to persons and property	73,871	70,888	71,770
Transportation services	86,597	99,378	93,838
Environmental services	58,685	60,215	62,674
Health services	15,874	15,432	16,208
Social and family services	198,560	210,491	197,682
Recreation and cultural services	6,220	6,127	6,199
Planning and development	8,109	7,693	7,614
	473,869	490,148	476,785
NET REVENUE	16,096	16,916	13,191
INTERFUND TRANSFERS			
Current fund to Capital fund	(10,168)	(10,996)	(13,440)
Reserves and reserve funds to Current fund	5,302	7,140	12,737
	(4,866)	(3,856)	(703)
FINANCING			
Principal payments on long term liabilities	(13,149)	(13,149)	(12,701)
CHANGE IN CURRENT FUND	(1,919)	(89)	(213)
SURPLUS AT THE BEGINNING OF THE YEAR	1,919	1,919	2,132
SURPLUS AT THE END OF THE YEAR	—	1,830	1,919

Budget amounts reflect Council approved amendments during the year.

The accompanying notes are an integral part of this financial schedule.

Schedule of Capital Fund Operations

YEAR ENDED DECEMBER 31 (in thousands of dollars)

	1993 \$	1992 \$
REVENUE		
Grants		
Province of Ontario	15,138	25,146
Government of Canada	120	246
Other		
Road billings	7,684	8,141
Investment income	3,476	5,317
Sale of fixed assets	1,313	245
Local improvement recoveries	548	669
Rental income	533	524
Miscellaneous income	2,228	4,811
	31,040	45,099
EXPENDITURE		
General government	970	2,295
Protection to persons & property	2,116	5,001
Transportation services	48,513	54,156
Environmental services	29,314	35,135
Health services	1,774	103
Social and family services	10	63
Recreation and cultural services	1,672	1,914
Planning and development	3,992	6,535
	88,361	105,202
NET EXPENDITURE	(57,321)	(60,103)
INTERFUND TRANSFERS		
Current fund to Capital fund	10,996	13,440
Reserves and reserve funds to Capital fund	15,360	12,704
	26,356	26,144
FINANCING		
Proceeds from the issue of long term liabilities	—	39,088
CHANGE IN CAPITAL FUND	(30,965)	5,129
UNEXPENDED CAPITAL FINANCING AT THE BEGINNING OF THE YEAR	49,425	44,296
UNEXPENDED CAPITAL FINANCING AT THE END OF THE YEAR	18,460	49,425

The accompanying notes are an integral part of this financial schedule.

Schedule of Continuity of Reserves and Reserve Funds

YEAR ENDED DECEMBER 31 (in thousands of dollars)

	1993 \$	1992 \$
REVENUE		
Investment income	9,109	24,475
Contributions from developers	6,811	5,420
Miscellaneous income	2,255	1,953
	18,175	31,848
INTERFUND TRANSFERS		
Reserves and reserve funds to Current fund	(7,140)	(12,737)
Reserves and reserve funds to Capital fund	(15,360)	(12,704)
	(22,500)	(25,441)
CHANGE IN RESERVES AND RESERVE FUNDS	(4,325)	6,407
RESERVES AND RESERVE FUNDS AT THE BEGINNING OF THE YEAR	156,196	149,789
RESERVES AND RESERVE FUNDS AT THE END OF THE YEAR	151,871	156,196

The accompanying notes are an integral part of this financial schedule.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

1. ACCOUNTING POLICIES

The Consolidated Financial Statements of the Corporation of The Regional Municipality of Hamilton-Wentworth are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. To the extent that it is consistent with these prescribed accounting policies, the presentation adopted for these financial statements is consistent with the guidelines contained in the Public Sector Accounting Statement on General Standards of Financial Presentation for Local Governments, as issued by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants.

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) BASIS OF CONSOLIDATION

- (i) The Consolidated Financial Statements reflect the assets, liabilities, sources of financing and expenditure of the Current Fund, Capital Fund, Reserves and Reserve Funds and includes the activities of all committees of Council and the following local boards and Regional enterprises which are under the control of Council:

Hamilton Region Airport Management Board
Hamilton-Wentworth Police Services Board
Homes for the Aged - Macassa Lodge
Homes for the Aged - Wentworth Lodge
Safety Services and Adjusters Limited
The Hamilton Street Railway Company
Wentworth Library Board

All interfund assets and liabilities and interfund revenue and expenditure have been eliminated in the consolidated statements.

- (ii) The financial activities of certain entities are not consolidated. The Region's contributions to these entities are recorded in the Consolidated Statement of Operations. The entities which are not consolidated are as follows:

Children's Aid Societies
Conservation Authorities
Disabled and Aged Regional Transit System
Hamilton Civic Hospitals
Hamilton-Wentworth Retirement Fund
Royal Botanical Gardens
Transit Employees Pension Plans

- (iii) Regionally administered programs which are fully funded by the Province of Ontario on the basis of a March 31 year end are excluded from these financial statements. The programs which are not consolidated are as follows:

Adult Community Mental Health
Child and Adolescent Services
Drug and Alcohol Assessment
Jobs Ontario

- (iv) Trust Funds and their related operations administered by the Region are not consolidated but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

1. ACCOUNTING POLICIES - (continued)

- (v) Sinking Funds and their related operations administered by the Region are not consolidated but are reported separately on the Sinking Funds Statement of Continuity and Balance Sheet.

(b) BASIS OF ACCOUNTING

(i) Revenue and Expenditure Recognition

The accrual basis of accounting recognizes revenue as it is earned and measurable; expenditure is recognized as it is incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The accrual basis of accounting is used to record all revenue and expenditure with the exception of principal charges on long term liabilities and certain employee related costs (Note 1 (b) (ii)). These are charged to operations in the periods in which they are paid.

(ii) Employee Related Costs

Employee related costs for vested sick leave benefits, Workers' Compensation obligations, pension plan and other retiree benefits are charged to operations in the periods in which they are paid. Consequently, these obligations and pension fund assets are not reflected on the Consolidated Balance Sheet.

(iii) Investments

Investments are recorded at cost adjusted for any unamortized discount or premium. The discount or premium is amortized using the straight line method over the life of the investments.

(iv) Receivables

All accounts receivable are recorded net of an allowance for doubtful accounts.

(v) Inventories

Materials and supplies are valued at the lower of cost or net realizable value. Cost is determined on an average cost basis.

(vi) Fixed Assets

The historical cost and accumulated depreciation for fixed assets are not recorded for municipal purposes. Fixed assets are reported in the year of acquisition as an expenditure on the Consolidated Statement of Operations.

(vii) Capital Outlay to be Recovered in Future Years

Capital outlay to be recovered in future years represents the outstanding principal portion of unmatured net long term liabilities and is reported on the Consolidated Balance Sheet.

(viii) Foreign Currency Translation

Long term liabilities denominated in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the year end. Any resulting gain or loss on translation is recorded on the Consolidated Balance Sheet as a capital outlay.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

2. INVESTMENTS

	1993	1992
	\$(000's)	\$(000's)
Unrestricted investments	140,031	138,953
Restricted investments (Reserve Funds)	6,371	17,998
Investment in own debentures	25,770	29,768
	172,172	186,719

The total investments listed above have a market value of \$183,388,000 (1992 - \$186,024,000).

3. OTHER ASSETS

	1993	1992
	\$(000's)	\$(000's)
Inventories	3,169	3,180
Prepaid expenses	10,608	11,414
Long term receivables	2,362	2,662
	16,139	17,256

4. PENSION AGREEMENTS

(a) Ontario Municipal Employees Retirement System

The Region makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of approximately 2,800 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings.

Based on the most recent report from an independent actuary, the current member and employer contribution rates are sufficient to fund future benefits.

Under the past service provision of the OMERS Agreement, the Region is obligated at December 31, 1993 for an amount of approximately \$223,000 (1992 - \$256,000) as established for the plan. The balance of this liability will be funded by payments of principal and interest to OMERS as follows:

1994	1995	1996	1997	1998 to 2003	Total
\$49,000	\$35,000	\$35,000	\$35,000	\$134,000	\$288,000

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

4. PENSION AGREEMENTS (continued)

The Region's share of contributions to OMERS, which is included as an expenditure on the Consolidated Statement of Operations, is as follows:

	1993	1992
	\$ (000's)	\$ (000's)
Current service	7,545	7,783
Past service	71	49
	7,616	7,832

The Region has approved an early retirement plan which qualifies for a special downsizing agreement with OMERS, and will provide certain unreduced and improved reduced pension benefits to eligible employees who retire during the period October 1, 1993 to September 30, 1995. In addition, the Region has approved a retirement incentive plan, the cost of which will ultimately depend on the number of eligible employees who accept the early retirement offer. Regional Council has approved the funding of these costs from Regional reserves.

(b) Other Pension Plans

Approximately 700 employees of the Region are members of three defined benefit pension plans and will be future beneficiaries under their terms and conditions. Pension Plan assets are valued on a four or five year market value moving average basis. The obligation represents the sum of the present value of all prospective benefits. Based on the most recent reports from an independent actuary, completed during 1993, the pension plans are fully funded.

	1993	1992
	\$ (000's)	\$ (000's)
Pension plan assets	156,300	152,146
Accrued pension plan benefits	(152,700)	(148,780)
Pension plan surplus	3,600	3,366

Under the past service provisions of these plans, the Region is obligated at December 31, 1993 for an amount of approximately \$1,204,350 for one of the plans. The balance of this liability will be funded by an annual payment to the plan of \$144,000 from 1994 to 2007. The Region's share of contributions to these plans, which is included as an expenditure on the Consolidated Statement of Operations, is as follows:

	1993	1992
	\$ (000's)	\$ (000's)
Current service	108	182
Past service	161	1,112
	269	1,294

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

4. PENSION AGREEMENTS (continued)

(c) Retirement Plan

Regional Councillors meeting certain eligibility criteria are entitled to certain benefits under the terms and conditions of a retirement plan. Based on the most recent report from an independent actuary, the retirement plan is fully funded and no liability exists relating to past service. Consequently, no amount has been provided for current or past service in 1993 or 1992.

	1993	1992
	\$ (000's)	\$ (000's)
Retirement plan assets	741	741
Accrued retirement plan benefits	(462)	(462)
Retirement plan surplus	279	279

5. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the Region's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination is as follows:

	1993	1992
	\$ (000's)	\$ (000's)
Police Services Board employees	10,001	12,025
Other Regional employees	3,081	3,448
	13,082	15,473

Reserves have been established to provide for the past service liability and are reported on the Consolidated Balance Sheet. The total of these reserves at the end of the year is \$3,090,000 (1992 - \$3,243,000). An amount of \$1,142,000 (1992 - \$1,190,000) was paid to employees who left the Region's employment during the current year. Furthermore, an amount of \$231,000 (1992 - \$921,000) was transferred to the sick leave reserves during the year for this past service liability.

Anticipated payments over the next five years to employees who will be eligible to retire are:

1994	1995	1996	1997	1998	Total
\$1,063,000	\$27,000	\$ -	\$49,000	\$241,000	\$1,380,000

6. NET LONG TERM LIABILITIES

- (a) In addition to long term liabilities incurred for Regional purposes, the Region has assumed the responsibility for the charges on debt originally incurred by local municipalities with respect to functions which are now a Regional responsibility.

The Region also incurs long term liabilities on behalf of the area municipalities, school boards and other unconsolidated boards. The responsibility for raising the amounts required to service this debt lies with these respective bodies.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

6. NET LONG TERM LIABILITIES (continued)

The Region is contingently liable for long term liabilities with respect to tile drainage and shoreline property assistance loans, and for debentures for which the responsibility for the payment of principal and interest has been assumed by area municipalities, school boards and unconsolidated boards. The total amount of this contingent liability outstanding as at December 31, 1993 is \$169,057,000 (1992 - \$173,088,000) and is not reported on the Consolidated Balance Sheet.

Net long term liabilities issued in the name of the Region have received approval of the Ontario Municipal Board for those approved before January 1, 1993. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

- (b) The balance of net long term liabilities reported on the Consolidated Balance Sheet is made up of the following:

	1993	1992
	\$ (000's)	\$ (000's)
Long term liabilities incurred by the Region	323,218	330,253
Long term liabilities incurred by others for which the Region has assumed responsibility	13,037	15,360
Long term liabilities incurred by the Region for which other entities have assumed responsibility	(169,057)	(173,088)
Sinking Funds accumulated to the end of the year to retire the Region's related long term liabilities	(30,412)	(20,198)
	136,786	152,327

- (c) Included in net long term liabilities on the Consolidated Balance Sheet is an amount of \$2,844,000 (1992 - \$3,422,000) payable in U.S. dollars, which is translated into Canadian dollars at the rate of exchange prevailing at December 31, 1993. A comparison of the liability when converted into Canadian dollars at both the rate of exchange prevailing when the liability was incurred and at December 31, 1993, shows a loss on exchange of \$1,161,000 (1992 - \$1,212,000).

The Region maintains a foreign exchange reserve which amounts to \$1,586,000 as at December 31, 1993 (1992 - \$1,766,000). This reserve is available to offset any potential foreign exchange losses incurred as a result of net long term liabilities denominated in foreign currencies.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

6. NET LONG TERM LIABILITIES (continued)

- (d) Of the net long term liabilities certain principal payments do not represent a burden on general Regional revenue, as they are to be recovered in future years from other sources. The total principal payments for the periods 1994 to 1998, 1999 to 2003, and 2004 and thereafter and the source of financing are summarized as follows:

	1994 to 1998	1999 to 2003	2004 and thereafter	Total 1993	Total 1992
	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)	\$ (000's)
General revenue	37,718	27,477	9,477	74,672	85,111
Reserves and Reserve Funds	22,005	18,179	632	40,816	42,490
Sewer rates	6,386	3,584	7,237	17,207	18,546
Water rates	2,982	61	—	3,043	4,573
Benefitting landowners	1,048	—	—	1,048	1,607
	70,139	49,301	17,346	136,786	152,327

- (e) Total charges for the year for net long term liabilities which are reported on the Consolidated Statement of Operations are as follows:

	1993	1992
	\$ (000's)	\$ (000's)
Principal payments including contributions to Sinking Funds	13,149	12,701
Interest	16,003	14,751
	29,152	27,452

- (f) Total charges for the year for net long term liabilities were recovered as follows:

	1993	1992
	\$ (000's)	\$ (000's)
General	21,579	19,989
Regional enterprises	7,573	7,463
	29,152	27,452

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

7. FUND BALANCES

(a) Current Fund

The Current Fund Balance on the Consolidated Balance Sheet of \$1,830,000 (1992 - \$1,919,000) represents the total supplementary taxes collected during the year. This fund balance, which is available for the general reduction of taxation in 1994, has been calculated after amounts have been transferred to or from reserves and reserve funds, in accordance with the Finance Policies approved by Regional Council.

(b) Capital Fund

The Unexpended Capital Financing on the Consolidated Balance Sheet is available for future Capital Fund expenditures. The balance consists of the following:

	1993	1992
	\$ (000's)	\$ (000's)
Funds Available for future Capital Fund Expenditures	100,480	128,181
Capital Expenditures Yet To Be Financed From:		
Current fund	(22,596)	(27,651)
Long term liabilities	(13,654)	(2,160)
Reserves and reserve funds	—	(16,641)
Subsidies and other	(45,770)	(32,304)
Unexpended Capital Financing	18,460	49,425

(c) Reserves

The total balance of Reserves on the Consolidated Balance Sheet consists of the following:

	1993	1992
	\$ (000's)	\$ (000's)
Reserves set aside for specific purposes by Council		
Capital programs	80,860	69,975
Self insurance	10,820	10,348
Portfolio valuation	9,036	15,196
Pension liability	7,604	9,011
Workers' Compensation	6,357	6,006
Replacement of equipment	6,147	5,425
Debt retirement	5,891	921
Tax and rate stabilization	5,804	6,287
Sick leave liability	3,117	3,243
Working funds	2,820	4,597
Other	7,044	7,189
	145,500	138,198

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

7. FUND BALANCES (continued)

(d) Reserve Funds

The total balance of Reserve Funds on the Consolidated Balance Sheet consists of the following:

	1993	1992
	\$ (000's)	\$ (000's)
Reserve Funds set aside for specific purposes by legislation		
Lot levies	5,142	10,888
Development charges	1,229	7,110
	6,371	17,998

8. SOCIAL CONTRACT

The Social Contract Act requires municipalities to reduce expenditures by a specified amount in each of the years 1993, 1994 and 1995. Unconditional grants will be reduced by a corresponding amount each year. The sectoral agreement between the provincial government and the municipal sector, however, provides for the automatic deferral of twenty-five percent of the 1993 social contract target amount and the corresponding reduction of unconditional grants until 1996. For the Region, the target amount for each year is \$5,391,000, and the amount deferred to 1996 is \$1,348,000.

9. SALE OF SUBSIDIARY

On July 29, 1993, the Region sold its investment in The Canada Coach Lines, Limited consisting of its fleet of buses, inventories and certain prepaid expenses and deposits. Under the terms of the agreement, the Region, through its wholly owned subsidiary, the Hamilton Street Railway Company, will assume responsibility for the remaining assets and liabilities. The operating results of The Canada Coach Lines, Limited, to July 29, 1993, have been reported on the Consolidated Statement of Operations.

10. CONTINGENT LIABILITIES

- (a) The Region is liable for compensation related to workplace injuries as stipulated by the Workers' Compensation Act. The Region has transferred \$1,964,000 (1992 - \$1,890,000) to the Workers' Compensation Reserve based on an internal assessment against budgeted salaries and wages.

Payments charged against operations in the current year amounted to \$1,748,000 (1992 - \$1,518,000). These payments are funded by transfers from the above noted reserve. An amount of \$6,357,000 (1992 - \$6,006,000) has been provided for this liability and is reported on the Consolidated Balance Sheet as a reserve.

- (b) A Statement of Claim was served on the Region in 1989 as a result of an alleged failure on the part of the Region to fulfil its obligations pursuant to a combined Offer to Lease relating to a proposed new Regional Headquarters Building. The claim is for approximately \$60,000,000. The liability for this claim, if any, cannot be determined at this time.
- (c) Other legal actions are outstanding against the Region as of December 31, 1993. The potential total liability resulting from these actions is not significant and is adequately covered by the self insurance reserve.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

11. CONTRACTUAL OBLIGATIONS

- (a) The Region has outstanding contractual obligations of approximately \$19,938,000 (1992 - \$37,115,000) for capital works. Regional Council has authorized the financing of these obligations.
- (b) The Region has entered into service agreements with the Ministry of the Environment relating to the operation of certain sewage systems. The Region is obligated to meet all operating costs and repay the long term liabilities related to these projects.

Included in the Consolidated Statement of Operations are the fiscal 1993 charges (up to and including December 31, 1993), from the Ministry, for these sewage systems of \$523,260 (1992 - \$523,260). The Consolidated Balance Sheet does not reflect any assets or liabilities pertaining to the sewage systems except to the extent of service charges due to the Ministry.

Information received from the Ministry as at March 31, 1993, indicates the following, related to these sewage systems:

	1993	1992
	\$ (000's)	\$ (000's)
Accumulated net surplus (deficit)	2,056	1,702
Total outstanding long term liabilities	4,838	4,901
Debt charges	523	523

The accumulated net surplus (deficit) and total outstanding long term liabilities indicated above are not reflected in the accompanying financial statements.

- (c) The Region has agreements with the Ontario Land Corporation for various capital projects. Included in the Consolidated Statement of Operations are charges amounting to \$163,000 (1992 - \$122,000) required under the terms of these agreements. The outstanding future obligations under these agreements amounting to \$6,777,000 (1992 - \$6,868,000) are not reflected in the accompanying financial statements.
- (d) The Region has entered into an agreement with Laidlaw Waste Systems Ltd. for the disposal of the Region's solid waste. The agreement which expires on December 31, 1995, escalates by the application of an annual inflation factor. The cost for 1993 was \$11,494,000 (1992 - \$11,893,000).
- (e) The Region has executed lease agreements requiring annual payments chargeable to future years as they become due and payable. The only agreements of any significance are those for administrative office space. The minimum lease payments for these leases over the next five years and thereafter are as follows:

	\$ (000's)
1994	2,338
1995	629
1996	420
1997	394
1998	317
1999 and thereafter	923
	5,021

These payments do not reflect anticipated renewals for leases expiring during this period.

Notes to the Consolidated Financial Statements

DECEMBER 31, 1993

12. PUBLIC LIABILITY INSURANCE

The Region has undertaken a portion of the risk for public liability, as a means of achieving cost effective risk management. As a result, the Region is self insured for public liability claims up to \$2,000,000 for any individual claim or for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits to a maximum of \$10,000,000 per claim per occurrence.

The Region has reserves for committed self insurance which amounted to \$4,819,000 (1992 - \$4,440,000) and is reported on the Consolidated Balance Sheet under Reserves. Claims settled for the year of \$1,041,000 (1992 - \$706,000) are reported as an expenditure on the Consolidated Statement of Operations. In addition, the Region maintains a general uncommitted self insurance reserve which amounted to \$6,001,000 as at December 31, 1993 (1992 - \$5,908,000). This reserve can be used to supplement the Self Insurance Reserve for potential cost overruns arising from unforeseen claim awards and unanticipated premium increases.

In total, \$1,176,000 (1992 - \$1,472,000) was transferred to various insurance reserves to provide for any self insurance exposure.

Management estimates that the reserves are sufficient to cover the Region's liability for any unsettled claims.

13. SUBSEQUENT EVENT

On February 1, 1994, the Regional Council approved a bylaw authorizing the issuance of 10 year, 3.5% Sinking Fund debentures in the amount of 4.1 billion yen (\$48,000,000 Canadian). These debentures have been fully hedged for any exposure to future foreign currency fluctuations. Of the total amount issued, \$29,886,000 was issued for Regional purposes. The balance of \$18,114,000 was issued on behalf of area municipalities and school boards who will be responsible for servicing this debt. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

14. TRUST FUNDS

Trust funds in the amount of \$2,837,000 (1992 - \$2,682,000) and their related operations administered by the Region are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

15. SINKING FUNDS

Sinking Funds in the amount of \$73,573,000 (1992 - \$50,764,000) and their related operations administered by the Region are not consolidated, but are reported separately on the Sinking Funds Statement of Continuity and Balance Sheet.

16. BUDGET FIGURES

Budgets established for the Capital Fund and related financing from Reserves and Reserve Funds are calculated on a project oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts, therefore budgets have not been reflected on the Consolidated Statement of Operations.

17. STATEMENT OF CHANGES IN FINANCIAL POSITION

A statement of changes in financial position is not presented since cash flows from operating, investing, and financing activities are readily apparent from the other financial statements.

18. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted in 1993.

Auditors' Report



To the Chairman and Members of Council, Inhabitants
and Ratepayers of **The Corporation of the Regional
Municipality of Hamilton-Wentworth**

We have audited the balance sheet of the Trust Funds of **The Corporation of The Regional Municipality of Hamilton-Wentworth** as at December 31, 1993 and the statement of continuity for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of **The Corporation of the Regional Municipality of Hamilton-Wentworth** as at December 31, 1993 and the changes in its fund balances for the year then ended in accordance with the accounting policies disclosed in note 2 to the financial statements.

Hamilton, Canada
February 25, 1994

A handwritten signature in cursive script that reads 'Ernst & Young'.

CHARTERED ACCOUNTANTS

The Regional Municipality
of Hamilton-Wentworth - Trust Funds

Balance Sheet

AS AT DECEMBER 31

	Macassa Lodge Resident Trusts \$	Wentworth Lodge Resident Trusts \$	Macassa Lodge Other Trusts \$	Wentworth Lodge Other Trusts \$	Total 1993 \$	Total 1992 \$
ASSETS						
Cash & short term deposits	1,382,739	1,067,113	33,541	141,701	2,625,094	2,635,779
Long term securities	15,000	1,690	—	—	16,690	16,690
Due (to) from the Region	141,398	55,180	—	(1,629)	194,949	29,445
TOTAL ASSETS	1,539,137	1,123,983	33,541	140,072	2,836,733	2,681,914
FUND BALANCES	1,539,137	1,123,983	33,541	140,072	2,836,733	2,681,914

Statement of Continuity

YEAR ENDED DECEMBER 31

	Macassa Lodge Resident Trusts \$	Wentworth Lodge Resident Trusts \$	Macassa Lodge Other Trusts \$	Wentworth Lodge Other Trusts \$	Total 1993 \$	Total 1992 \$
RECEIPTS						
Residents' deposits	2,608,400	1,854,543	1,122	1,748	4,465,813	4,232,379
Investment income	75,601	56,581	977	6,098	139,257	166,228
Donations	—	—	49,347	25,123	74,470	17,921
Other	—	—	—	—	—	2,803
	2,684,001	1,911,124	51,446	32,969	4,679,540	4,419,331
DISBURSEMENTS						
Maintenance payments	2,015,488	1,449,668	—	—	3,465,156	3,456,279
Residents' charges	426,650	339,168	17,765	15,032	798,615	762,997
Payments to estates	147,021	92,772	—	—	239,793	263,347
Payments on discharge	1,720	3,062	—	—	4,782	60,096
Program purchases	—	—	4,561	11,814	16,375	21,959
	2,590,879	1,884,670	22,326	26,846	4,524,721	4,564,678
CHANGE IN FUND BALANCES	93,122	26,454	29,120	6,123	154,819	(145,347)
FUND BALANCES AT THE BEGINNING OF THE YEAR	1,446,015	1,097,529	4,421	133,949	2,681,914	2,827,261
FUND BALANCES AT THE END OF THE YEAR	1,539,137	1,123,983	33,541	140,072	2,836,733	2,681,914

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

DECEMBER 31, 1993

1. PURPOSE OF TRUST FUNDS

The various Trust Funds administered by the Region are established for the following purposes:

Macassa and Wentworth Lodge Resident Trusts

These Trust Funds are established for residents to receive their funds and to pay for their various charges including monthly maintenance payments. A resident may direct a portion of these funds to a separate account to provide for any funeral or burial cost.

Macassa and Wentworth Lodge Other Trusts

These Trust Funds are established for the receipt of funds from donations and fund raising activities. The funds are to be used for the benefit of lodge residents over and above normal capital and operating expenses of the lodges.

2. ACCOUNTING POLICIES

The Financial Statements of the Trust Funds of the Corporation of The Regional Municipality of Hamilton-Wentworth are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs.

These financial statements are reported on the modified accrual basis. Under this basis of accounting, accruals are made for any receipts or disbursements in the month following the year end which relate to the current year.

3. INVESTMENTS

The total for investments of the Trust Funds of \$2,642,000 (1992 - \$2,652,000) reported at cost, have a market value of \$2,647,000 (1992 - \$2,702,000).

Auditors' Report



To the Chairman and Members of Council,
Inhabitants and Ratepayers of
**The Corporation of The Regional
Municipality of Hamilton-Wentworth**

We have audited the balance sheet of the Sinking Funds of **The Corporation of the Regional Municipality of Hamilton-Wentworth** as at December 31, 1993 and the statement of continuity for the year then ended. These financial statements are the responsibility of the Sinking Funds Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Sinking Funds of **The Corporation of the Regional Municipality of Hamilton-Wentworth** as at December 31, 1993 and the changes in its fund balances for the year then ended in accordance with the accounting policies disclosed in note 1 to the financial statements.

Hamilton, Canada
February 25, 1994

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

CHARTERED ACCOUNTANTS

The Regional Municipality
of Hamilton-Wentworth - Sinking Funds

Balance Sheet

AS AT DECEMBER 31

	1993 \$	1992 \$
ASSETS		
Cash	153,179	83,961
Investments at amortized cost	73,418,907	50,679,893
Accrued interest	415	391
TOTAL ASSETS	73,572,501	50,764,245
LIABILITIES		
Actuarial requirements	68,524,053	47,354,217
FUND BALANCES	5,048,448	3,410,028
TOTAL LIABILITIES AND FUND BALANCES	73,572,501	50,764,245

Statement of Continuity

YEAR ENDED DECEMBER 31

	1993 \$	1992 \$
REVENUE		
Sinking fund levies	16,756,830	12,950,455
Investment income	6,051,425	4,513,549
	22,808,255	17,464,004
EXPENDITURE		
Provisions for actuarial requirements	21,169,835	15,934,588
CHANGE IN FUND BALANCES	1,638,420	1,529,416
FUND BALANCES AT THE BEGINNING OF THE YEAR	3,410,028	1,880,612
FUND BALANCES AT THE END OF THE YEAR	5,048,448	3,410,028

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

DECEMBER 31, 1993

1. ACCOUNTING POLICIES

The financial statements of the Corporation of The Regional Municipality of Hamilton-Wentworth Sinking Funds have been prepared by the Treasurer of the Sinking Funds Committee in accordance with generally accepted accounting principles.

(a) Investments

All investments are recorded at cost adjusted annually for the amortization of discount or premium on the basis of the effective yield method as determined at the date of purchase. The amount of such amortization is included in investment income on the Statement of Continuity.

(b) Actuarial Requirements

The actuarial requirements of the Sinking Fund provisions for the year represent the present value of the obligation to repay Sinking Fund Debentures. These amounts are levied during the year as set out in The Regional Municipality of Hamilton-Wentworth debenture by-laws plus interest thereon capitalized at a rate of 8% compounded semi-annually.

(c) Fund Balances

When funds accumulated in surplus for debentures issued under any specific by-law exceed the actuarial requirements, such excess shall be distributed in accordance with the provisions of subsection 42 of section 114 of The Regional Municipality of Hamilton-Wentworth Act. This excess may be appropriated and refunded to the Sinking Fund contributors subject to prior approval by the Ontario Municipal Board.

The total surplus accumulated in each by-law cannot be transferred to meet the requirements of another by-law, as the conditions, terms and participants are different for each by-law.

2. BY-LAW TERMS AND CONDITIONS

The Sinking Fund provision represents amounts required which, together with interest compounded semi-annually, will be sufficient to retire the debentures issued under various Regional by-laws. Payments are collected in various amounts from the Area Municipalities and School Boards by way of levies from the Region.

(a) Deposits to Sinking Funds (up to and including December 31, 1993), and projected earnings on these deposits over the life of the related debenture are as follows:

	Principal	Interest		
		Annual	First Five Years	Remaining Years
	\$	\$	\$	\$
By-law R85-064	1,725,737	2,687,500	—	—
By-law R88-016	1,932,826	—	2,730,000	2,800,000
By-law R89-133	1,568,900	1,950,000	—	—
By-law R89-198	3,914,375	7,687,500	—	—
By-law R91-053	3,808,617	—	7,312,500	7,500,000
By-law R92-085	3,806,375	—	6,187,500	6,562,500

Notes to the Financial Statements

DECEMBER 31, 1993

2. BY-LAW TERMS AND CONDITIONS (continued)

- (b) Revised deposit requirements to Sinking Funds commencing January 1994 and thereafter, as approved by the Ontario Municipal Board, and projected earnings on these deposits over the life of the related debenture are as follows:

	Principal	Interest		
		Annual	First Five Years	Remaining Years
	\$	\$	\$	\$
By-law R85-064	392,490	2,687,500	—	—
By-law R88-016	1,365,286	—	2,730,000	2,800,000
By-law R89-133	991,345	1,950,000	—	—
By-law R89-198	1,508,640	7,687,500	—	—
By-law R91-053	2,660,175	—	7,312,500	7,500,000
By-law R92-085	3,806,375	—	6,187,500	6,562,500

(c) Significant Dates

	Term	Maturity Date	First Retraction Date	Second Retraction Date
By-law R85-064	10 years	July 23, 1995	—	—
By-law R88-016	10 years	March 1, 1998	March 1, 1993	—
By-law R89-133	10 years	August 1, 1999	August 1, 1994	—
By-law R89-198	15 years	December 7, 2004	December 7, 1994	December 7, 1999
By-law R91-053	15 years	June 6, 2006	June 6, 1996	June 6, 2001
By-law R92-085	10 years	July 22, 2002	July 22, 1997	—

3. ADMINISTRATION COSTS

All costs of administration have been borne by The Regional Municipality of Hamilton-Wentworth.

Five Year Review

(UNAUDITED)

(In thousands of dollars)

	1993 \$	1992 \$	1991 \$	1990 \$	1989 \$
CURRENT FUND ACTIVITY					
Surplus at the beginning of the year	1,919	2,132	2,149	2,667	3,462
Analysis of Revenue					
Property taxation	169,481	164,203	157,623	140,657	124,526
Direct charges to ratepayers	55,557	49,780	51,204	48,424	46,037
Provincial subsidies	221,849	215,540	178,808	135,485	111,207
Fees and service charges	40,513	44,820	52,852	53,902	48,099
Fees from other municipalities	8,010	10,861	12,603	12,451	12,164
Investment income	5,583	2,997	2,739	2,125	2,029
Miscellaneous income	6,071	1,775	1,821	2,002	1,590
	507,064	489,976	457,650	395,046	345,652
Analysis of Expenditure					
Salaries and wages	194,678	191,867	176,299	161,761	144,300
Goods and services	116,375	118,846	113,265	106,775	96,111
Transfer payments	163,092	151,321	115,477	73,414	48,887
Charges for net long term liabilities	29,152	27,452	23,214	23,207	14,692
Interfund Transfers - Capital Fund	10,996	13,440	16,139	16,416	26,184
Interfund Transfers - Reserves and Reserve Funds	(7,140)	(12,737)	13,273	13,991	16,273
	507,153	490,189	457,667	395,564	346,447
Surplus at the end of the year	1,830	1,919	2,132	2,149	2,667
Analysis of Expenditure by Function					
General government	19,944	20,800	17,316	14,353	13,545
Protection to persons and property	71,580	72,150	66,293	60,474	53,344
Transportation services	104,720	98,359	88,564	84,570	78,627
Environmental services	65,792	68,994	68,152	64,511	52,955
Health services	16,146	16,894	15,632	13,751	11,763
Social and family services	210,791	197,982	158,356	112,290	81,645
Recreation and cultural services	6,631	6,693	6,383	6,352	5,167
Planning and development	7,693	7,614	7,559	7,251	6,513
Interfund Transfers - Capital Fund	10,996	13,440	16,139	16,416	26,184
Interfund Transfers - Reserves and Reserve Funds	(7,140)	(12,737)	13,273	15,596	16,704
	507,153	490,189	457,667	395,564	346,447

Five Year Review (continued)

(UNAUDITED)

(In thousands of dollars)

	1993 \$	1992 \$	1991 \$	1990 \$	1989 \$
CAPITAL FUND ACTIVITY					
Unexpended Capital Financing at the beginning of the year	49,425	44,296	41,497	59,586	24,563
Capital Financing					
Interfund Transfers	26,356	26,144	28,975	27,195	44,485
Proceeds from net long term liabilities	—	39,088	32,639	—	60,113
Ontario grants	15,138	25,146	18,816	27,212	20,710
Road billings	7,684	8,141	9,282	11,840	8,210
Other	8,218	11,812	8,710	8,837	4,643
	57,396	110,331	98,422	75,084	138,161
Capital Expenditure by Function					
General government	970	2,295	1,856	1,153	405
Protection to persons and property	2,116	5,001	4,402	2,209	3,684
Transportation services	48,513	54,156	59,957	46,957	57,277
Environmental services	29,314	35,135	25,830	31,901	28,796
Health services	1,774	103	289	3,941	4,610
Social and family services	10	63	155	979	5,548
Recreation and cultural services	1,672	1,914	1,127	472	982
Planning and development	3,992	6,535	2,007	5,561	1,836
	88,361	105,202	95,623	93,173	103,138
Unexpended Capital Financing at the end of the year	18,460	49,425	44,296	41,497	59,586
FUND BALANCES					
Current fund	1,830	1,919	2,132	2,149	2,667
Unexpended capital financing	18,460	49,425	44,296	41,497	59,586
Reserves	145,500	138,198	135,428	114,632	88,926
Reserve funds	6,371	17,998	14,361	12,584	9,613
	172,161	207,540	196,217	170,862	160,792

Five Year Review (continued)
(UNAUDITED)

(In thousands of dollars)

	1993 \$	1992 \$	1991 \$	1990 \$	1989 \$
NET LONG TERM LIABILITIES					
Incurred by the Region	323,218	330,253	264,655	199,055	207,906
Incurred by others, assumed by the Region	13,037	15,360	17,965	18,853	21,876
Incurred by the Region, assumed by others	(169,057)	(173,088)	(141,537)	(103,664)	(107,734)
Sinking Funds accumulated to the end of the year to retire long term liabilities	(30,412)	(20,198)	(14,070)	(8,562)	(3,952)
	136,786	152,327	127,013	105,682	118,096
Charges for Net Long Term Liabilities					
Principal	13,149	12,701	10,525	11,673	7,828
Interest	16,003	14,751	12,689	11,534	6,864
	29,152	27,452	23,214	23,207	14,692
Provincial Annual Repayment Limit*	65,632	59,053	45,351	43,754	35,992
Charges for Net Long Term Liabilities As a Percentage of Provincial Annual Repayment Limit	44.4	46.5	51.2	53.0	40.8
Charges for Net Long Term Liabilities As a Percentage of Total Current Program Expenditures	5.7	5.6	5.1	5.9	4.2
TAXABLE ASSESSMENT					
Residential and farm	897,217	887,050	863,086	838,277	809,377
Commercial and industrial	348,233	349,294	357,831	349,266	341,422
Business	153,475	154,570	160,774	158,288	156,063
	1,398,925	1,390,914	1,381,691	1,345,831	1,306,862
Commercial, industrial and business as a percentage of total assessment	35.9	36.2	37.5	37.7	38.1

* Prior years' limits have been calculated using the Provincial regulations established in 1993.

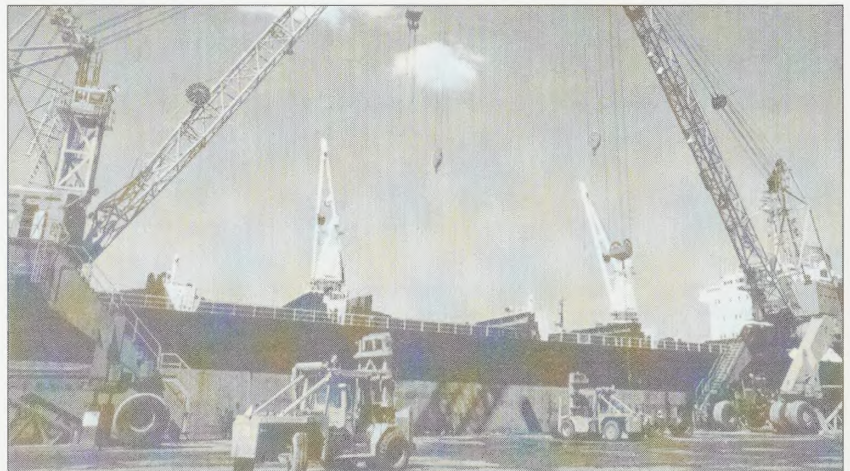
Five Year Review (continued)
(UNAUDITED)

	1993 \$	1992 \$	1991 \$	1990 \$	1989 \$
PER CAPITA INFORMATION					
Taxable assessment	3,063	3,065	3,079	3,007	2,954
Current fund expenditure	1,111	1,080	1,020	884	783
Capital fund expenditure	193	232	213	208	233
Net Long Term Liabilities	300	336	283	236	267
Charges for Net Long Term Liabilities	64	60	52	52	33
Fund Balances	377	457	433	382	363
STATISTICAL					
Population*	456,682	453,755	448,812	447,635	442,363
Households*	180,199	178,632	177,227	174,901	172,580
Area in acres	280,764	280,764	280,764	280,764	280,764
Continuous full-time employees	3,392	3,389	3,263	3,229	3,242
Part-time employees	429	487	430	438	740
Kilometres of Roads maintained	1,612	1,612	1,612	1,609	1,604
Number of Public Transit passengers (000's)	21,526	23,165	24,524	26,858	27,757
Supply of treated water (cubic meter 000's)	278	274	284	274	290
Solid waste disposed (cubic meter 000's)	185	181	247	300	306
Sanitary and storm sewer flow (cubic meter 000's)	510	520	451	483	448
Number of housing starts	1,793	1,589	1,589	2,381	3,048
Value of building permits issued (\$000's)	360,590	285,327	290,840	561,906	641,088
Unemployment rate	10.6	10.5	9.7	5.9	5.1
Average monthly general welfare assistance caseload	16,990	16,507	12,758	8,224	6,052

* Population and household figures for 1989 to 1992 are based on the Regional Assessment Commissioners Annual Report. Population and household figures for 1993 are based on a trend analysis of these 1989 to 1992 numbers.



Farm, Flamborough



Industrial Site, Hamilton Harbour



Hamilton-Wentworth Court House, Hamilton

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of Hamilton-Wentworth
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